

## Internal Revenue Service, Treasury

## § 1.897-5T

- (8) Treatment of nonqualifying property.
  - (i) In general.
  - (ii) Treatment of mixed exchanges.
    - (A) Allocation of nonqualifying property.
    - (B) Recognition of gain.
    - (C) Treatment of other amounts.
  - (iii) Example.
- (9) Treaty exception to imposition of tax.
  - (b) Certain foreign to foreign exchanges.
    - (1) Exceptions to the general rule.
    - (2) Applicability of exception.
    - (3) No exceptions.
    - (4) Examples.
    - (5) Contribution of property.
  - (c) Denial of nonrecognition with respect to certain tax avoidance transfers.
    - (1) In general.
    - (2) Certain transfers to domestic corporations.
      - (i) General rule.
      - (ii) Example.
    - (3) Basis adjustment for certain related person transactions.
    - (4) Rearrangement of ownership to gain treaty benefit.
  - (d) Effective date.

*§ 1.897-7T Treatment of certain partnership interests as entirely U.S. real property interests under section 897(g) (temporary).*

- (a) Rule.
- (b) Effective date.

*§ 1.897-8T Status as a U.S. real property holding corporation as a condition for electing section 897(i) pursuant to § 1.897-3 (temporary).*

- (a) Purpose and scope.
- (b) General conditions.
- (c) Effective date.

*§ 1.897-9T Treatment of certain interests in publicly traded corporations, definition of foreign person, and foreign governments and international organizations (temporary).*

- (a) Purpose and scope.
- (b)
- (c) Foreign person.
- (d) Regularly traded.
- (e) Foreign governments and international organizations.
- (f) Effective date.

[T.D. 8198, 53 FR 16217, May 5, 1988]

### § 1.897-5 Corporate distributions.

(a) through (d)(1)(iii)(E) [Reserved]. For further guidance, see § 1.897-5T(a) through (d)(1)(iii)(E).

(d)(1)(iii)(F) Identification by name and address of the distributee or transferee, including the distributee's or transferee's taxpayer identification number;

(d)(1)(iii)(G) through (d)(4) [Reserved]. For further guidance, see § 1.897-5T(d)(1)(iii)(G) through (d)(4).

(e) *Effective date.* This section is applicable to transfers and distributions after November 3, 2003.

[T.D. 9082, 68 FR 46083, Aug. 5, 2003]

### § 1.897-5T Corporate distributions (temporary).

(a) *Purpose and scope.* This section provides rules concerning the recognition of gain or loss and adjustments to basis required with respect to certain corporate distributions that are subject to section 897. Paragraph (b) of this section provides rules concerning such distributions by domestic corporations, including distributions under section 301, distributions in redemption of stock, and distributions in liquidation. Paragraph (c) sets forth rules concerning distributions by foreign corporations, including distributions under sections 301 and 355, distributions in redemption of stock, and distributions in liquidation. Finally, various rules generally applicable to distributions subject to this section, as well as to transfers subject to § 1.897-6T, are set forth in paragraph (d). The rules contained in this section are also subject to the tax avoidance rules of § 1.897-6T(c).

(b) *Distributions by domestic corporations—(1) Limitation of basis upon dividend distribution of U.S. real property interest.* Under section 897(f), if any domestic corporation (distributing corporation) distributes a U.S. real property interest to a shareholder that is a foreign person (distributee) in a distribution to which section 301 applies, then the basis of the distributed U.S. real property interest in the hands of the foreign distributee shall be determined in accordance with the provisions of section 301(d), and shall not exceed—

(i) The adjusted basis of the property before the distribution in the hands of the distributing corporation, increased by

(ii) The sum of—

(A) Any gain recognized by the distributing corporation on the distribution, and